

(Issued vide no. 622/ST-1, dated 7.4.2006)

**ORDER OF CLARIFICATION MADE BY SHRI L.S.M. SALINS,
FINANCIAL COMMISSIONER & PRINCIPAL SECRETARY,
GOVERNMENT OF HARYANA, EXCISE AND TAXATION
DEPARTMENT UNDER SECTION 56(3) OF THE
HARYANA VALUE ADDED TAX ACT, 2003**

Querist: Mukesh Sawdust Supplier, Faridabad

Query is whether or not sawdust falls within entry 21 of Schedule B to the Haryana Value Added Tax Act, 2003 ('the Act') w.e.f. 1.7.2005. It has been mentioned that before 1.7.2005 sawdust was part of entry 37 of Schedule C to the Act.

2. It is a fact that sawdust was part of entry 37 of Schedule C to the Act before 1.7.2005 as the entry at that time read "Firewood and sawdust". But from 1.7.2005, when Schedules B and C were recast, 'firewood' was made part of Schedule B to the Act and hence became tax free, while sawdust was neither made part of Schedule B nor Schedule C to the Act. Entry 21 of Schedule B reads "Firewood and wood charcoal" w.e.f. 1.7.2005. The question simply is whether sawdust falls within the said entry or not. Faced with the same question, the Mysore High Court in (1974) 33 STC 398 (Mys) The State of Mysore Vs. Krishna Rice and Saw Mills at page 398-399 held, as under –

"The expression "firewood" has not been defined in the Act. When the expression is not defined in the Act, it has to be interpreted in accordance with the sense in which it is understood in common parlance. Either in common parlance or in the commercial sense, the expression "firewood" is never understood as comprehending sawdust. Supposing a contract is entered for supply of one ton of sawdust and the vendor supplied one ton of firewood, can it be said that he has performed his part of the contract? Obviously, no court will hold that the vendor has supplied sawdust as contracted."

Thus sawdust has been held to be a different commercial commodity from firewood and hence it can not be said to be covered by entry 21 of Schedule B to the Act w.e.f. 1.7.2005.

3. It is concluded from the above discussion that sawdust is a different commercial commodity from firewood and it does not fall in entry 21 of Schedule B to the Act w.e.f. 1.7.2005. It does not fall in Schedule C to the Act either. It is taxable @12.5% at present.

Chandigarh
Dated: 30.3.2006

(L.S.M.SALINS)
Financial Commissioner & Principal Secretary
to Govt. Haryana, Excise & Taxation Department